

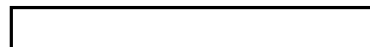
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18 March 1958



Copy No. 137

CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 15
NO CHANGE IN CLASS. X
CLASS. CHANGED TO: TS S
NEXT REVIEW DATE: 2010
AUTH: HR 702
DATE: 3/25/81 REVIEWER:

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State Department review completed

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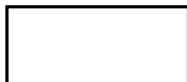
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CENTRAL INTELLIGENCE BULLETIN

18 March 1958

DAILY BRIEF

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I. THE COMMUNIST BLOC

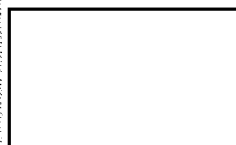



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II. ASIA-AFRICA

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Indonesia: Although the central government has regained control of Medan, North Sumatra, the dissident troops withdrew intact and are headed westward toward the Tapanuli area, where they will probably link up with other antigovernment forces. They apparently felt compelled to vacate the city because expected reinforcements failed to appear. Meanwhile, government forces have occupied Rengat, the Stanvac oil center in Central Sumatra. 

(Map)

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Ryukyu Islands elections: Unofficial returns from legislative elections in the Ryukyus show that conservatives have gained a majority of the 29 seats. Leftists, who won five seats, apparently were unable to gain significant support

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outside the capital city of Naha. As a result of the conservative victory, Ryukyuan Chief Executive Thoma may be able to form a new party which would ensure that the legislature continues amenable to cooperation with the US administration. [redacted]

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re Taiwan - Japan: Chiang Kai-shek emphatically stated on 16 March to Ambassador MacArthur, then in Taipei, that he would sever relations with Japan if Prime Minister Kishi allowed the Chinese Communists to fly the flag over their trade mission premises in Tokyo. The Chinese Nationalists have already broken off trade negotiations with the Japanese. Previously, they had indicated they would confine diplomatic action to withdrawal of their ambassador to Tokyo.

[redacted] (Page 4)

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DAILY BRIEF

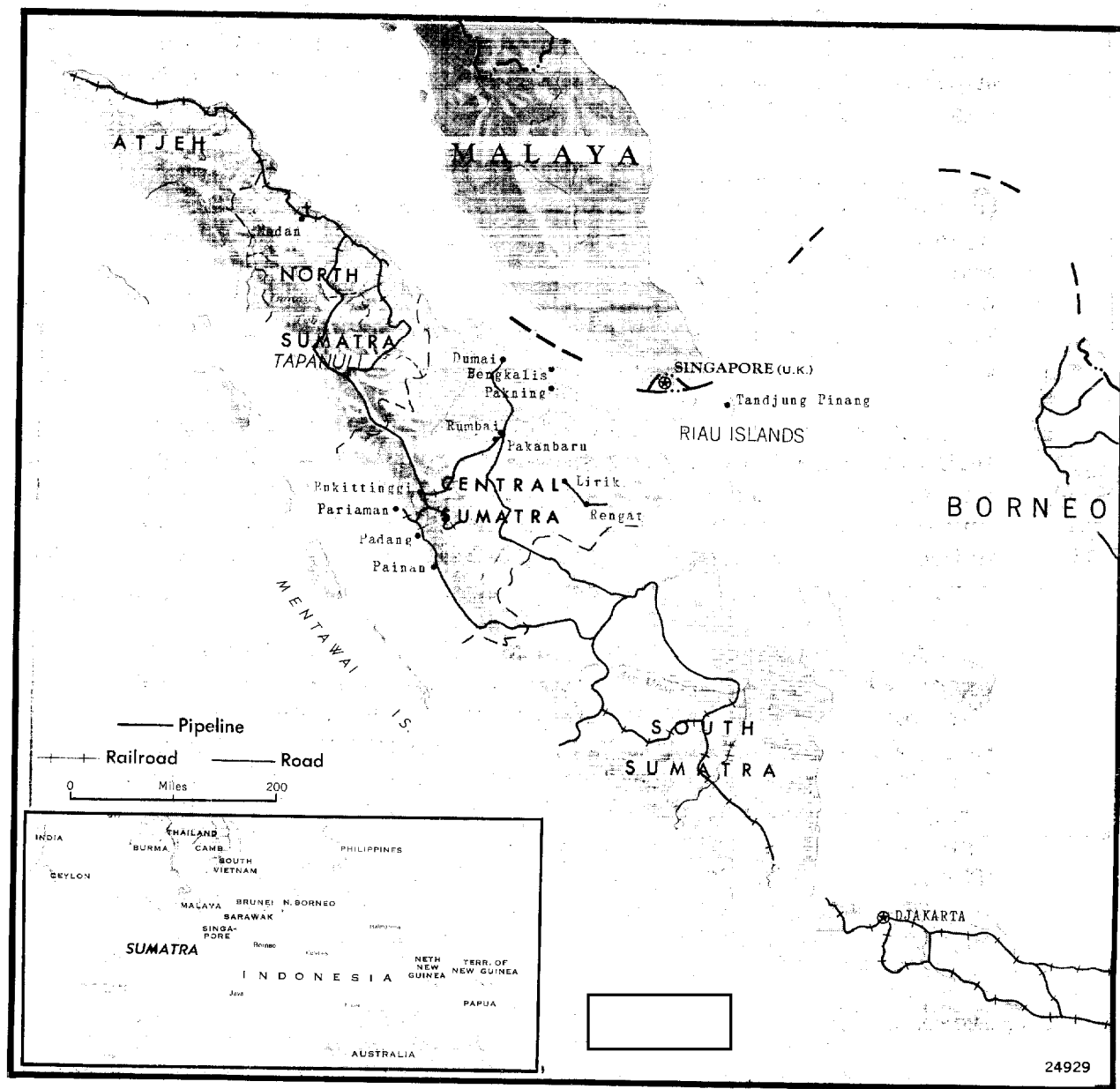
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II. ASIA--AFRICA

Situation in Indonesia

The anti-Djakarta troops which seized the city of Medan, North Sumatra, on 16 March have withdrawn from the city, the airport, and the nearby port of Belawan, and government forces are in control of the area again. During the struggle, government forces were reinforced by paratroopers, presumably detached from Central Sumatra.

Failure of this dissident action seems to have resulted from lack of support from other forces, including the local artillery unit and Darul Islam units from South Atjeh, that had promised cooperation. The dissident troops, about one battalion, are believed to be moving westward toward Tapanuli, where two battalions are reported to have defected to the Central Sumatra government. En route, however, they may engage government troops stationed at Siantar. The American consul in Medan has recommended the evacuation of all American dependents.

The central government is involved in clearing operations against the dissidents in the Rengat and Lirik areas where Stanvac has oil fields. Caltex, which operates to the north of Stanvac, was authorized by Djakarta on 17 March to resume normal operations.

Lt. Col. Barlian, commander in South Sumatra who has so far remained neutral, publicly reiterated his plea to both sides on 17 March for a negotiated settlement. At the same time, however, he ordered his troops "to prepare for all possibilities."

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[redacted] Barlian [redacted]

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[redacted] had now decided to make use of weapons which he earlier received from Hussein. The revolutionary leaders interpret this as evidence that Barlian is leaning more toward their side. [redacted]

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Conservatives Victorious in Ryukyu Elections

Conservative candidates won a majority of the 29 seats in the Ryukyu Islands legislative elections on 16 March, making possible the continuation of a relatively harmonious relationship between the legislature and the US administration on the islands.

The results are regarded as a setback for the leftists who, although winning five seats compared with the one they had in the previous legislature, apparently failed to win significant support outside the capital city of Naha. Conservatives running as Democratic, Socialist Masses, or independent candidates appear to have won at least 18 seats, according to unofficial returns.

The results of the elections may give Ryukyuan Chief Executive Thoma, who supported many of the winning candidates, influence which he could use in organizing a new party of conservatives and moderate Socialists. There are indications that Okinawan political rivalries may be concentrated in two major parties, a conservative party headed by Thoma, and the already organized Okinawa Socialist party, headed by leftist Naha mayor Saichi Kaneshi and affiliated with the Japan Socialist party.

Leftists remain in control of the Naha administration and assembly and can be expected to continue their agitation on the issues of American land policy and Okinawan reversion to Japan. Popular feeling on these issues remains high and may tend to restrain full legislative cooperation with existing US policy. [REDACTED]

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Chiang Kai-Shek Determined to Break Relations With Japan

Chiang Kai-shek stated with "great feeling and emotion" in a 16 March conversation with Ambassador MacArthur, in Taipei for the US chiefs-of-mission conference, that he would "haul down his flag" in Tokyo and "sever relations with Japan, if Prime Minister Kishi allows the Chinese Communists to fly their flag over their trade mission premises in Tokyo." Chiang said he was willing to gloss over trade and other concessions included in the recently signed agreement between a group of private Japanese traders and Communist China if the flag issue could be resolved.

The Chinese Nationalists broke off trade talks with Japan on 13 March and indicated that their ambassador in Tokyo would be withdrawn if the Japanese Government officially approves the agreement.

Foreign Minister Yeh is aware of the seriousness of a complete rupture of relations, and will probably attempt to calm Chiang Kai-shek. In the dispute over the entry of Outer Mongolia into the United Nations in 1955, however, Chiang demonstrated a willingness to ignore all advice and carry through his intention. The Japanese Government has not yet approved the trade agreement. [REDACTED]

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